

Home Buying in Arlington

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State of Homeownership in Arlington and the Region

- Homeownership in Arlington is out of reach for many people, including teachers, health care workers and first-responders
 - Average Arlington home price in 2015 price: \$579,800
- 60% of millennials in Arlington are “somewhat likely” or “very likely” to leave Arlington within 5 years because of high cost of housing
- In our region, higher-income households rent half of the market-rate units affordable to lower-income households

State of Homeownership in Arlington and the Region

- You need an annual household income of about \$160,000 to afford the average home in Arlington (at today's interest rates unless you are putting down a large down payment)
- The median household income in 2015 is \$106,400 which would buy you a home for less than \$400,000.

Homeownership for Middle-Income Households in Arlington

- According to the Affordable Housing Master Plan:

“Rising home prices over the past 12 years has made it impossible for low-income and more difficult for middle-income households to afford to buy a home in the County. The desire for homeownership remains strong even among the Millennial population.”

Why Invest in Homeownership?

- Makes it easier for Arlington employers to recruit and retain skilled workers
- Less strain on County resources for monitoring compliance with affordability requirements
- Can keep homeownership units in affordable housing stock through deed restrictions

Why Invest in Homeownership?

- Stable housing costs improves educational and financial outcomes for families
- Reduces a person's dependence on government assistance
- Accessible savings which can be used to manage planned or unexpected life events

About Habitat NOVA

- Founded in 1990 as a local affiliate of Habitat for Humanity International
- Self-funded, independently operated
- We serve Arlington, Alexandria, Fairfax and Falls Church



Habitat NOVA's Model: Keep it Affordable to Own

- For our partner families, we offer:
 - 0% interest, 30-year mortgages
 - 1% down payments
- We build to EarthCraft Standards
 - Lower water, energy bills for the homeowners
 - Healthier indoor environment
- We're partnering with Grid Alternatives, a non-profit solar installer, to incorporate solar panels into future homes

Who Habitat NOVA Serves

- We build and rehabilitate homes for first-time, low-to-moderate income homebuyers
- We sell the homes at an affordable price
 - Monthly housing payments no more than 1/3 of income

Family Selection

- Live in Alexandria, Arlington, Fairfax or Falls Church for at least one year prior to applying
- Earn 30% – 80% of area median family income
- Ability to pay monthly housing costs
- Must complete 300 – 400 hours of “sweat-equity” in the building of their home, other Habitat homes and volunteering at ReStores
- Currently live in substandard/inadequate housing
- Must take homeownership, financial education classes

Case Study: Partnering with Local Government

- Glenwood Mews is a community of townhomes at Telegraph Rd. and Glenwood Mews Ct.
- Partnered with Fairfax County Redevelopment and Housing Authority
- Two townhomes constructed in the traditional Habitat volunteer model and sold to Habitat NOVA families



Case Study: Partnering with a Developer

- Briarwood Trace is a community of homes near Vienna/Fairfax Metro
- Partnered with the Christopher Companies
 - 4 homes constructed and 1 rehabilitated in the traditional Habitat model
 - Sold to Habitat NOVA families at a reduced price
 - Subsidized through their “sweat equity”
 - No-interest, 30-year mortgage



Case Study: Mixed-Income Housing

- Nauck neighborhood of Arlington
- Purchased a former Sec. 8 apartment building
 - Slated to be torn down in 2005 and rebuilt as market-rate apartments
- Renovated existing building and added two new wings
- EarthCraft certified



Case Study: Mixed-Income Housing

- Converted the 9-unit apartment building into a 12-unit condo building
- Habitat NOVA families purchased 5 units
 - 0% interest, 30-year mortgage and subsidized through “sweat equity”
- 7 units sold to moderate-income, first-time home buyers who lived in Arlington
 - Below market value, conventional financing
- Assessed Market-rate Sales Price: \$350,000

Keeping Units in the Affordable Housing Stock

- Repurchased Habitat homes in Hybla Valley and Old Town Alexandria
 - Equity sharing with the homeowners
- Renovated both properties
- Sold to first-time, lower-income buyers
- Deed restrictions
 - Habitat NOVA has first right of re-purchase



About AHOME

- Founded in 1989 to increase home ownership opportunities for low- and moderate- income households in Arlington
- Services provided in English and Spanish
 - Monthly VHDA home buyer education classes
 - Rental education classes at committed affordable apartments in Arlington
- 344 households attended AHOME classes for the past 12 months



About AHOME

- Housing Counseling
 - Pre-purchase counseling
 - Post-purchase counseling
 - Foreclosure prevention counseling
 - Rental counseling
- 92 households received counseling from AHOME in the last 12 months

What Would AHOME Like to Do?

- Focus on homeownership to households earning 80% to 120% of the median household income
- Focus on creating programs for firefighters, police officers, teachers, public servants and others who work in our community but currently earn more than 80% of the County's median income - and do not qualify for the County's Moderate Income Purchase Assistance Program (MIPAP)

Near-Term Priorities

- Assistance for Condominium Associations
 - Would strengthen older condos
 - Some of these condos are affordable because they are so run down
 - Would these condos become so attractive that prices would go up and they would no longer be affordable?

General Pitfalls of Condo Ownership

- Very few 3-bedroom condos available in Arlington County under \$400,000
- Most of the affordable 3-bedroom condos (under \$400,000) were built more than 50 years ago

General Pitfalls of Condo Ownership

- Condo fees for 3-bedroom units range from \$412 in Fairlington (3-bedroom) to \$976 at the Carlyn House
 - Deferred maintenance causes small problems to become expensive problems.
 - One of the reasons condo fees are high is due to maintenance and high energy costs.

Tools to Create/Expand Homeownership Opportunities

- Land-use, regulatory strategies to encourage and incentivize homeownership
 - Flexible housing types
 - Review Accessory Dwelling Ordinance
 - Inclusionary zoning
 - Form-based code
 - Change unit/acre to FAR for more infill
 - Reduce development costs
 - Fast-track approval for affordable housing

What Do We Do?

- Allow households up to 120% of the area median income to use County programs
- Virginia Housing Development Authority's (VHDA) income guidelines allow households up to 120% of the area median income to use their loan programs
- Provide incentives for developers to build new affordable homes in Arlington for households earning up to 120% of the area median income

Conclusion

- Creating affordable homeownership opportunities in Arlington will be challenging.
- But, there are tools available to help expand the supply of affordable homeownership units.
- Expanding housing options will continue to make Arlington attractive to businesses and help recruit skilled workers.

Questions?

References

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- “Millennials have transformed Arlington, but will they stay?,” Patricia Sullivan, Washington Post, August 30, 2015
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- “CALL THE QUESTION: Will the Greater Washington Region Collaborate and Invest to Solve Its Affordable Housing Shortage?,” Rick Cohen, June 2015, page 3

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- “Arlington Virginia Profile 2015,” Urban Design and Research Section of the Department of Community, Planning, Housing and Development

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- “Affordable Housing Master Plan,” DRAFT 8.0 – August 2015 Arlington County, page 14

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- Less government dependence, see: “Impacts of Habitat for Humanity Homeownership: Connections to Quality of Life,” Habitat for Humanity of Minnesota, Paul Mattessich and Madeleine Hansen, February 2015